

11.8 TRENDS IN MARKETING

11.8.1 Social Marketing

Definition of Social Marketing

“Social marketing is the application of commercial marketing technologies to the analysis, planning, execution and evaluation of programs designed to influence the voluntary behaviour of target audiences in order to improve their personal welfare and that of their society”

Social Marketing

Introduction

Marketing, being a social and managerial process, it must have social environmental approach, unfortunately very few business organisations cared for it. Social Marketing came into being as a separate discipline in the 1970s as a result of the acceptance of environmental approach by the Western countries. Now days, social marketing principles are being used in developing countries in areas such as health promotion, population control environment conservation, economic development, racism and human right.

Social marketing may be defined as the adaptation of commercial marketing and sales concepts to bring certain specific behavioral changes on the target segment. This has become increasingly popular among government as an efficient and effective means of communication to address many serious social issues.

Social marketing is the systematic application of marketing along with other concepts and techniques to achieve specific behavioral goals for a social good. Social marketing can be applied to promote, for example, merit goods, make the society avoid demerit goods and thus to promote that considers society's wellbeing as a whole. This may include asking people not to smoke in public areas, for example, ask them to use seat belts, prompting to make them follow speed limits.

Although 'social marketing' is sometimes seen only as using standard commercial marketing practices to achieve non-commercial goals, this is an over-simplification. The primary aims of 'social marketing' is 'social good', while in 'commercial marketing' the aim is primarily 'financial'. This does not mean that commercial marketers cannot contribute to achievement of social good.

Increasingly, social marketing is being described as having 'two parents' - a 'social parent' = social sciences and social policy, and a 'marketing parent' = commercial and public sector marketing approaches.

Beginning in the 1970s, it has in the last decade matured into a much more integrative and inclusive discipline that draws on the full range of social sciences and social policy approaches as well as marketing.

Private sector companies with extensive distribution networks for consumer products were invited to assist government in improving the reach of their programs. Government initiated massive advertising and awareness campaigns for social issues like smoking, family planning, caste discrimination, etc. Non-Government Organizations (NGOs) also began to participate in the social marketing programme, with funding from Government as also from other organizations

Five simple steps every marketer can take to create a sustainable socially responsible market plan are :

- Define what ethical marketing for firm is.
- Decide which branch of ethics marketers will apply.
- Determine how the ethical approach to marketing will be implemented.
- Discuss areas of the firm's operations that ethical marketing will be included as part of the program.
- Analyze and assess how much ethical marketing will cost the company and compare this against the benefits of ethical marketing in the long run.

Characteristics of Socially Responsible Marketing

Marketers get the right products to the right people at the right time. Ethical marketers ensure the products meet and exceed their Needs, back up their claims and offer value to the customers over time while finding opportunities to pay it forward. A company that uses ethical and socially responsible marketing strategy will gain the respect and trust of the customers they target and interact with.

Over long term, this will translate to greater benefits all round. Today's firms can make their practices more ethical and responsible by perfecting the following characteristics.

- (a) **Safety** : Any product or service that could be hazardous to the health conditions of people, animals or the environment should have clear advisories and warnings. Once the problem is identified the company can collect data to help improve the product and reduce or eliminate the danger. An example would be fast food restaurants eliminating the use of hydrogenated oils even before transfects were banned.
- (b) **Honesty** : Ensuring a product satisfies a need it promises to, or aids in providing a lifestyle it advertises. Advertising should be transparent about possible side effects and not puff up results, so clients come to respect the honesty of your advertising.
- (c) **Transparency** : Any techniques to manipulate and hide facts and information customers need could harm a company. Just think of the way people regard a company such as Enron that hid information and was not open to the stakeholders about what was happening.
- (d) **Ethical Pricing** : Gathering data about target market will give information on how much they are willing to pay for product. The rest of the pricing strategy, in a simplified manner, should be based on overhead costs and supply and demand. Creating fake shortages and bad mouthing the competition are considered unethical marketing practices.
- (e) **Respecting Customer Privacy** : When customers trust enough to allow you access to their information, selling it to lead companies or obtaining prospective customers' information without permission is unethical and breaks trust. Nobody wants to buy from the creepy guys, no matter how beautifully packaged their products are.

Concept of Social Marketing

Social Marketing is a process of changing behaviour and attitudes of the public (Target Group) for achieving social, economical, political and business objectives. Social Marketing refers to the development of awareness among consumers, organisations (i.e., social, political, business etc.) and general public regarding long term interests of the business world.

Commercial Marketing convinces consumers to buy different types of products and services on the same line, people can be convinced to adopt social marketing products such as health care, education or social reforms.

Social Marketing is also referred as societal marketing. It aims at achieving the following objectives :

- (i) Satisfaction of Customer needs.
- (ii) Improvement of quality of life.
- (iii) Freedom from all sort of pollution and ecological destructions.

Aspect of Social Marketing

In recent years, the world community has realised the ill-effect of technological developments, industrialisation, profit oriented marketing and malafide supply of product (i.e., hazardous to health and environment). So that sociologists, the social leaders, the philanthropists and Marketers advocated social marketing. Over the past few year, marketing experts, practitioners have tried to identify basic aspects of (component) of social marketing. These can be summarised as under :

- (i) **Needbased and Eco-Friendly Product Mix** : The social market product may be a physical product like contraceptives or services like health examination or ideas like environmental protection. The social market has to make the people aware about their needs, problems and then sell the need based products or services and not merely sell the products that he is having. Social marketing products that he is having. Social marketing product must be essentially eco-friendly.
- (ii) **Rational Promotional Policy** : Social Marketing sells ideas, thoughts (i.e., Attitudes and behaviour (i.e., social Religious etc.) for the purpose of promoting, social products, social marketer uses advertising media, public relations, door to door selling, public meeting, vehicles, distribution, of coupons etc. Social Marketing gives emphasis on adoption of promotional policy by all organisations (i.e., social educational, business etc.) The promotion of products/services should not be anti-social, anti-ethics and anti-ecology.
- (iii) **Reasonable Price of The Product** : The price of the social marketing product may be in the form of money, time, labour or in the form of trouble (i.e., trouble after immunisation). The social marketer has adopted reasonable pricing policy in which the benefits gained by the consumer are greater than the costs of the product. While making pricing decisions, he must consider factors such as, the purchasing power of the target groups and quality of the product. Too high or too lower prices of the products may get less or no response of the consumers. It has been observed that neglecting the interest of consumers, some pharmaceutical companies and soft-drink manufacturing companies maintain 400-500% profit margin on cost of the product. Social marketing does not allow such type of exploitation.
- (iv) **Effective and Efficient Distribution** : Social marketing products may be tangible (i.e. body building equipments), intangible ideas (i.e., spiritual development), services (i.e., transportation, communication, etc.) and practices (i.e., Morning walk, breast feeding, use of condoms etc.) The social marketer has to provide social products to the customers at the right time and at the right place so that they are really benefited. The place of distribution should be well communicated and accessible to the consumers.
- (v) **Partnership between Organisations and Society** : Social marketing aims at achieving long term goals such as health promotion, production, population control, environmental conservation etc. these issues are complex and require combined efforts by various organisations (i.e. Govt. Organisation, Non-Govt. Organisation, Educational Institutions and other Social Organisation) to give better results.

11.8.2 Online Marketing

Even before the Internet there were many different ways to advertise, in different media such as radio, TV, newspapers, magazines, as well as via telemarketing or pamphlets. Usually the goal was to get a company- and/or product name, a statement etc. communicated to as many people as possible for the smallest price possible.

"Online Marketing are likely to continue as marketing and advertising are increasingly peopled with individuals for whom the internet, eBay, Amazon, Google, and YouTube were always there and which played some role in forming their worldviews, just as television, film, radio, and print did for prior generations."

American Marketing Association defines a brand as "a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term of brand is trademark". Brands are seen as complex social phenomena which have a huge value for companies and customers. A brand's goal is identification of a product and its producer as to differentiate the offering in a valued way and command margin.

Online Target Marketing

Following segmentation analysis, marketers must select the best potential segments for targeting. In order to pursue an online segment, the target must be accessible through the Internet, sizable, growing, and hold great potential for profit.

Targeting Strategies

E-marketers can select among four targeting strategies.

1. **Mass Marketing (Undifferentiated Targeting)** : When the firm offers one marketing mix for the entire market.
2. **Multi-Segment Marketing** : When a firm selects two or more segments and designs marketing mix strategies specifically for each. Most firms use a multi-segment strategy.
3. **Niche Marketing** : When a firm selects one segment and develops one or more marketing mixes to meet the needs of that segment.
4. **Micromarketing (Individualized Targeting)** : When a firm tailor all or part of the marketing mix to a very small number of people.

When traditional business or corporate strategies include information technology elements, such as internet and databases, they become e-business strategies :

E-Business Strategy = Corporate Strategy + information Technology

Similar to the above, when traditional marketing strategies incorporate digital technologies to implement the strategies, they become e-marketing strategies:

E-Marketing Strategy = Marketing Strategy + information Technology

Strategic E-Marketing is the design of marketing strategy that capitalizes on the organization's electronic or information technology capabilities to reach specified objectives.

E-Business Marketplaces

It is not only that marketing tools have changed with the introduction of technology - even the marketplaces themselves have evolved. In the Internet environment, three distinct electronic marketplaces have developed :

- **B2B Business-to-Business** : Where business sells to other businesses, such as intermediaries, suppliers, and distributors.
- **B2C Business-to-Consumer** : Where a business sells directly to the final customer or end user.
- **C2C Consumer-to-Consumer** : Where a customer sells directly to the final customer or end user.

The e-business subject of this research company, falls into the B2C marketplace, since they are selling their services directly to the end users - private individuals or small businesses.

Internet Marketing has evolved from websites with company logos and contact information, through online product catalogues to a two ways communication tool (questionnaires and specific correspondence), and now, with Customer Relationship Management (CRM) a variety of new options are opening up.

Internet marketing has three cornerstone principles :

1. **Immediacy** : The web changes at a blistering pace and online audiences, whose attention spans are short, expect on-the-minute updates and information.

To keep the favor and attention of this group, must respond to online messages and interact with communities as quickly as possible.

2. **Personalization** : Customers online are no longer faceless members of a broad target audience - they are individuals who want to be addressed personally.

Use the wealth of personal information available online to benefit by targeting the relevant people precisely and personally.

3. Relevance : Communication online must be interesting and relevant to the reader, otherwise it will simply be ignored. With all the information that is competing for your audience's attention, must find a way to stand out and engage readers. The best way to do this is by giving them exactly what they want, when they want it.

The Internet is no longer a medium of "new economy", and "E-business" as a term has rather been rendered obsolete. The Internet is used in any and all industries, as a branding and marketing tool, as an internal communication tool, and as the start of most business transactions.

Today companies use the Internet as one of the most powerful tools in a big number of ways. The Internet has unlocked a large number of search options and new ways of highlighting the important aspects of any item.

Thus marketing has been redefined via the Internet, and given even small businesses a chance to promote and brand their products on a larger scale. The Internet has therefore experienced enormous growth in online advertising, since its inception in the early 1990's. It is still however executed in the usual one-way-communication, as it has always been done.

It is a form of direct marketing which uses electronic mail as a means of communicating commercial or fund-raising messages to an audience. In its broadest sense, every email sent to a potential or current customer could be considered email marketing. However, the term is usually used to refer to :

- Sending email messages with the purpose of enhancing the relationship of a merchant with its current or previous customers, to encourage customer loyalty and repeat business,
- Sending email messages with the purpose of acquiring new customers or convincing current customers to purchase something immediately, adding advertisements to email messages sent by other companies to their customers, and
- Sending email messages over the Internet, as email did and does exist outside the Internet (e.g., network email and FIDO).

Traditional Marketing V/S E-Marketing

Marketing has pretty much been around forever in one form or another. Since the day when humans first started trading whatever it was that they first traded, marketing was there. Marketing was the stories they used to convince other humans to trade. Humans have come a long way since then, (Well, we like to think we have) and marketing has too.

The methods of marketing have changed and improved, and we've become a lot more efficient at telling our stories and getting our marketing messages out there. E Marketing is the product of the meeting between modern communication technologies and the age-old marketing principles that humans have always applied.

The Benefit of E-Marketing over Traditional Marketing

- **Reach :** The nature of the internet means businesses now have a truly global reach. While traditional media costs limit this kind of reach to huge multinationals, E- Marketing opens up new avenues for smaller businesses, on a much smaller budget, to access potential consumers from all over the world.
- **Scope :** Internet marketing allows the marketer to reach consumers in a wide range of ways and enables them to offer a wide range of products and services. E- Marketing includes, among other things, information management, public relations, customer service and sales. With the range of new technologies becoming available all the time, this scope can only grow.
- **Interactivity :** Whereas traditional marketing is largely about getting a brand's message out there, E- Marketing facilitates conversations between companies and consumers. With a two-way Companies can feed off of the responses of their consumers, making them more dynamic and adaptive.

- **Immediacy** : Internet marketing is able to, in ways never before imagined, provide an immediate impact. With this kind of traditional media, it's not that easy for us, the consumer, to take the step from hearing about a product to actual acquisition. Effectively, Internet marketing makes business hours 24 X 7 days per week for every week of the year.
- **Demographics and Targeting** : Generally speaking, the demographics of the Internet are a marketer's dream. Internet users, considered as a group, have greater buying power and could perhaps be considered as a population group skewed towards the middle-classes.
- **Access to the Niche Marketing** : The nature of the Internet is such that its users will tend to organize themselves into far more focused groupings. Savvy marketers who know where to look can quite easily find access to the niche markets they wish to target. Marketing messages are most effective when they are presented directly to the audience most likely to be interested. The Internet creates the perfect environment for niche marketing to targeted groups.
- **Adaptively and Closed Loop Marketing** : Closed Loop Marketing requires the constant measurement and analysis of the results of marketing initiatives. By continuously tracking the response and effectiveness of a campaign, the marketer can be far more dynamic in adapting to consumers' wants and needs.
- **Minimum Cost** : Combined with the immediacy of the Internet as a medium, this means that there's minimal advertising spend wasted on less than effective campaigns.
- **Create New Opportunities** : Maximum marketing efficiency from e Marketing creates new opportunities to seize strategic competitive advantages. The combination of all these factors results in an improved ROI and ultimately, more customers, happier customers and an improved bottom line.

Method of On-Line Payments

1. Electronic Tokens : An electronic token is a digital analog of various forms of payment backed by a bank or financial institution. There are two types of tokens:

Real Time : (or Pre-Paid Tokens) : These are exchanged between buyer and seller, their users pre-pay for tokens that serve as currency. Transactions are settled with the exchange of these tokens. Examples of these are Digi Cash, Debit Cards, Electronic purse etc.

Post Paid Tokens : These are used with fund transfer instructions between the buyer and seller. Examples : Electronic cheques, Credit card data etc.

2. Electronic or Digital Cash : This combines computerized convenience with security and privacy that improve upon paper cash.

Cash is still the dominant form of payment as : The non-cash transactions are inefficiently cleared. In addition, due to negative real interests rates on bank deposits.

Now we will enumerate some qualities of cash :

- Cash is a legal tender i.e. payee is obligatory to take it.
- It is negotiable i.e. can be given or traded to someone else.
- It is a bearer instrument i.e. possession is proof of ownership.
- It can be held and used by anyone, even those without a bank certificate.
- It places no risk on part of acceptor.

The following are the limitations of Debit and Credit Cards :

- They are identification cards owned by the issuer and restricted to one user i.e. cannot be given away.
- They are not legal tender
- Their usage requires an account relationship and authorization system.

3. Electronic Cheques : The electronic cheques are modeled on paper checks, except that they are initiated electronically. They use digital signatures for signing and endorsing and require the use of digital certificates to authenticate the payer, the payer's bank and bank account. They are delivered either by direct transmission using telephone lines or by public networks such as the Internet.

Areas of Securities Risks Online Marketing

The areas that contain security risks are as follows :

1. Business Practices : The retailer may disappear with the money without sending the goods. This is a risk for the customer.

2. Information Privacy Practices : Sometimes the website owner does not keep the privacy of sensitive information of customer.

3. Transaction Integrity : Electronic transactions and documents may get lost, changed, duplicated or incorrectly processed. Dispute may arise regarding terms of transactions or billing issues.

4. Information Protection : The people behind website should take appropriate steps to protect customer information in connection to disruption, destruction, disaster and unauthorized access.

5. Consumer Recourse : They are concerned about how their rights are protected.

New Marketing Theory

The online marketing should be based on the consumer's abilities to select and choose in the interaction with the multiple Brands over the Internet.

"The rise of the model was based on advertising-supported revenue models or the assumptions about consumers. The problem, we know now, were not the Internet, but in the business plans, management and in the unreasonable expectations for their success based from the lesson of the bubble burst. Post-collapsed, as consumers and companies continued moving online, more practical business models emerged and started proving themselves, such as search advertising (now 40 percent of online advertising spending) and ecommerce."

After a while came an enhancement in targeting advertising, understanding how websites build and keep audiences, and acquiring deeper insights into online consumers and their media, and buying patterns. Added to that, new technologies and broadband adoption enabled advertisers to make enormous creative leaps and create landmark campaigns. These leaps are likely to continue as marketing and advertising are increasingly peopled with individuals for whom the internet, eBay, Amazon, Google, and YouTube were always there, and which played some role in forming their worldviews, just as television, film, radio, and print did for previous generations. Based on these experiments the marketers are moving towards the three new models of advertising :

- On Demand model, is based on consumers' abilities to select and choose their content and interactions with brands.
- The engagement model, where visitors are engaged in the product or service.
- Advertising as service to consumers, where the simplicity of a website becomes an advantage.
- SIVA Model (Solution, Information, Value and Access).

We will now go in depth with these new thoughts on these models.

1. On Demand Model : The overall aim of these three models is a new way of thinking. We needs to distance from the traditional way of thinking. With the internet the possibilities are enormous.

The essential part of this model is the approach to the consumer as satisfied participant. The era of consumers reading, watching, or listening on the medias' schedules seems almost appealing; today nearly every companies is promoting their capacity/products in a way for them to be seen or heard whenever consumers has a desire for their products. Even network television, which built its business on aggregating viewers at specific times, is experimenting with On Demand models.

Websites optimized for search engines changed that situation. Today consumers' access, considers, and acts on product information 24/7.

Another important aspect of the On Demand model is satisfied personalization. In addition to produced content, consumers want to leverage and connect the knowledge power of brands by customizing content to their personally interests, needs, and tastes.

If we have too many choices, we will get confused, irritable or immobilizing, and counterproductive seen from a brand viewpoint. Instead of giving consumers multiple options the companies should provide them with the necessary tools.

That way it simplifies the entrance to a Brand or implementing sophisticated business rules that present the most relevant choices for the customers/consumers and at the same time the company controls the choices. These situations differentiate the traditional view of segmentation and signify that new types of thinking are needed to exploit the advertising opportunities.

To summarize on the Demand model, it can fairly be said that the consumers' need are covered 24 hours a day. Also the ability to alter the consumers search behavior to specific pages is important for the Demand model. The model also points out the ability the consumers have concerning choices. It is crucial that choices are limited; meaning that if the consumers have too many choices, the effect of the Brand is only partial. Therefore, communication is essential to avoid this.

With the traditional marketing the advertising marketers are more interested in having their brand at as many places as possible, whereas with the Demand model it is more vital. Sequentially to gain that position, communication with the consumers is fundamental for the new brand marketers. With the Demand model it is important that not only do the brand marketers need to promote their product on the internet, but they also have to make sure that the consumers include their brand to their favorite choices.

2. Engagement Model : The Engagement model is based upon two key ideas :

1. High relevance of brands to consumers
2. The development of an emotional connection between consumers and brands.

Additionally, engagement occurs, like all relationships do, in a social context that can influence the quality and duration of the engagement.

As Joe Plummer relates to :

"Consumers want to get involved with brands they care about, and give brand marketers explicit permissions, through an opt-in program, to involve them with the brand."

For these consumers, brands provide opportunities, this is not always given, that go beyond typical relationships, where they are looking at a ranking of privileged statuses and rewards. They are called "The Brand Ambassador". This status is a status the companies give to the faithful consumers, and it is more or less the highest status that can be given to them.

As an ambassador have insider access to marketers, and gain appreciation and social status in the selected communities by being a spokesperson or leader. This type of marketing looks a lot like Viral Marketing.

Because Engagement is based on emotions and relationships between customers and the companies, marketers believe the Engagement model conceive it differently from traditional advertising.

Engagement strategies are relevant for B2B marketers and B2C marketers. One of the strategies in the engagement model is that the company persuade consumers to make inputs, or puts up a competition between regular and faithful customers, in order to hold on to them.

After selecting finalists, they hooked the businesses up with appropriate consultants/sales Standard learning and opinion pools, familiar to 30-second TV spots or online banners, for example, like brand awareness and purchase intention, are the essential foundation in understanding what they think of, as brands' common phases-they are the ability to involve, inform, and entertain, and longer term, to co-evolve with consumers through the creation and ongoing development of brand meaning.

To outline the essential of the engagement, model several important issues are notable.

- Distinguishing the Brand so the consumer identifies himself in it.
- Involve the consumer in the process through for instance competition, questionnaires etc.
- Have dialogs with the consumer, but most important make the consumers feel significant so in the future they become "ambassador of the Brand".

To enhance that idea, it is vital that the consumer identifies himself in the brand and therefore get emotional attach to the Brand, like the example previous about the Harley Davidson brand.

3. Advertising as a Service : Advertising as a service aims to provide consumers with information and capabilities that soften transactions or enhance brand engagement. The first approach for the companies is to identifying the services and information the consumers requires.

Messages and experiences relevant to those needs. Planning campaigns begin with a conducted survey. This could be like questionnaires seen from consumers' viewpoints.

- What services does a consumer need ?
- How does the service need to function ?

What is the best platform, or combinations of platforms, to deliver the service ?

Advertising as a service direct its focus on the places to advertising, but more important the need of service the consumer demand. Sites must not be too difficult to navigate through. The consumer demand simplicity and value of the individual sites. In order to accomplish that the producers/companies have to make it simple and needed. How the services should be being entirely up to the consumers' need.

4. SIVA Model (Solution, Information, Value and Access) : In today's interactive, networked, and customer-controlled marketplace such as the internet, we attribute much of marketing's inability to live up to the stated goals of "identifying and satisfying customer needs and wants" to the most common of all marketing management concepts, the managerial rubric of the four Ps-the focus on product, price, place, and promotion.

A formal approach to this customer-focused marketing is known as **SIVA (Solution, Information, Value and Access)**. This model was proposed by **Chekitan Dev and Don Schultz** in the Marketing Management Journal of the American Marketing Association, and presented by them in Market Leader - the journal of the Marketing Society in the UK.

The model focuses heavily on the customer and how they view the transaction. The system is basically the four Ps renamed and reworded to provide a customer focus.

The SIVA Model provides a demand/customer centric version alternative to the well-known 4Ps supply side model (product, price, place, promotion) of marketing management.

The four elements of the SIVA model are :

(a) Solution : How appropriate is the solution to the customer's problem/need ?

Customer Question : How can I solve my problem ?

Customers are inundated with product offerings but starved for solutions to their problems.

Witness the rate of new product failures in the United States despite half of a century of marketing "science" on new product development. The problem is, marketers are obsessed with developing products (the next new thing), rather than focusing on solving the problems customers have. The demand chain approach begins with destroying the notion of the product or service as the first element of a marketing mix and re-creating that product or service as a solution.

IBM, anticipating this change more than a decade ago, refocused the company from "we sell computers" to "us sell solutions." Today, if you look up computer consulting in the Yellow Pages, it's not surprising to note that Microsoft endorsed software supplier and support firms are listed as "solution" providers

(b) Information : Does the customer know about the solution ? If so, how and from whom do they know enough to let them make a buying decision ?

Customer Question : Where can I learn more about it ?

The current marketing and marketing communication spectrum inundates customers in a sea of messages, visuals, and sound bites. The average American sees an estimated 3000 advertisements a day. Thus, simply having customers and prospects hear the message so they can either (1) purchase or (2) learn more is today's major communication challenge.

The current marketing and communication planning and delivery methods simply are not relevant in the marketplace that most of our customers and consumers operate in today. For example, most consumers are networked, interactive, and accustomed to multi-tasking.

(c) Value : The customer know the value of the transaction, what it will cost, what are the benefits, what might they have to sacrifice, what will be their reward ?

Customer Question : What is my total sacrifice to get this solution ?

Today, the customer buys a solution bundle or even a solution experience, not a product or service.

We need to think in terms of customer sacrifice, not just financial costs. The value received by the customer for the investment made. More than 100 years ago, economists were telling us that value is best defined as pleasure minus pain, or satisfaction minus sacrifice. We seem to have forgotten this and continue to focus obsessively on price. While many organizations believe that price and promotion are the primary tools for increasing sales or gaining market share, price-and-price alone customers generally account for only 15%-20% of all shoppers at most organizations.

(d) Access : Where can the customer find the solution ? How easily/locally/remotely can they buy it and take delivery ?

Customer Question : Where can I find it ?

Instead of thinking in typical manufacturing terms of getting the product to the customer, marketers should think in terms of service businesses that are obsessed with bringing the customer to the solution. Even McDonald's, heralded in Ted Levitt's classic Harvard Business

Review article as the paragon of bringing a manufacturing approach to service, is experimenting with letting customers phone their orders in for more convenient pickup.

Domino's Pizza's success with delivery was an object lesson for most restaurant businesses that have begun to offer easier takeout and delivery options. With the needs of today's multitasking and time-starved customers, traditional place or distribution activity may no longer be an option. Today, the question is less about what type of logistical system the marketer can build and more about what type of distribution system the consumer wants to access.

E-Marketing Tactics

There are various internet marketing strategies that are being used in marketplace today. In this section, the author will review some of the most popular E- marketing tactics.

1. Permission Marketing : Permission marketing was first introduced in 1999 by Seth Godin, in his book Permission Marketing. The idea behind this type of marketing is that a marketer asks for and receives permission from the customer to send him / her information about the company's products and services.

The most common way for a marketer to ask for permission is via forms with "opt-in" and "opt-out" checkboxes. If a customer decides to opt-in, a marketer will send appropriate advertising material via email and/ or mail. In contrast, if a customer decides to opt-out, then no advertising will be sent by the marketer.

By giving permission, a customer essentially displays trust towards the marketer.

To make permission marketing successful, a marketer must not abuse this trust by sending unwanted advertisements to the customer, or sell their contact information to other companies.

2. Viral Marketing : Dr. Ralph F. Wilson (2000), in one of the popular Internet magazines, Web Marketing Today, defines viral marketing as follows :

Viral marketing describes any strategy that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message's exposure and influence. Like viruses, such strategies take advantage of rapid multiplication to explode the message to thousands, to millions.

In comparison to the traditional marketing, viral marketing equals that of a "word of mouth".

In the world of the Internet, "the word" is spread mostly via email, meaning that the marketing messages can reach others in a much faster and more efficient way in comparison to "old fashioned" face-to-face communication. Thus, messages can be spread to many more recipients in a shorter time, with virtually no cost to the marketer.

3. Email Marketing : Email marketing was the first form of Internet marketing, and consists of emailing marketing messages to potential customers. Modeled after direct mail, email marketing is a form of "push" marketing whereby marketers can rent an email list and send a solo offer (in text or html) to their target audience.

There are three major types of emailing practices : Opt-in email, Opt-out email, and Spam.

- **Opt-In Email :** Opt-in email is the most acceptable type of emailing. Using only opt-in emails for sending marketing messages is a form of permission marketing.
- **Opt-Out Email :** In case of opt-out email, the customer is automatically added to the mailing list.
This form of emailing is widely used, but it is not recommended. Similar to opt-in email, there are various definitions of opt-in email.
- **Spam :** Unsolicited "junk" e-mail sent to large numbers of people to promote products or services. Also refers to inappropriate promotional or commercial postings to discussion groups or bulletin boards.

4. Search Engine Marketing (SEM) : SEM is regarded as a form of "pull" marketing whereby marketers sponsor a keyword on a search engine that is representative of their product or service. Their text listing then appears in a more favorable location when someone types in that particular keyword.

- (a) **The most Popular way People Find Websites :** Various surveys have shown that more than 80% of internet users rely on search engines as their preferred method for locating websites.
- (b) **High Usage of Search Engines :** The majority of internet users (57%) search the web every day. Only the act of emailing occurs more often than using search engines. Statistics have shown that 81% of internet users check their email every day.
- (c) **Billions of Pages and Millions of Searches :** There are four hundred million user-initiated internet searches each day, which equals 400 million questions, curiosities, and investigations. The exponential growth of the web resulted in billions of web pages, and, as a consequence, this has increased internet user reliance on search engines as a way of locating information online.
- (d) **Qualified Traffic Ready to Buy :** Traffic a search engine delivers to a website is highly qualified because users are actively searching for the information. This is the major difference when compared to traffic delivered by banner advertising.
- (e) **More Effective than Banners :** There are five to six times more online purchases made from traffic delivered by search engines, as compared to purchases generated by banner advertising. Plus, the cost for online marketing campaigns using search engines is significantly lower than that for banner advertising.

- (f) **Marketing Managers "Know" They Work** : Because of the feasibility of SEM, 66% of web marketers rate search engine marketing as the top method for driving traffic to their websites. SEM was followed by email marketing (54%).
- (g) **The Experts say They Work** : A report by Forrester Research stated "search engines reach valuable, motivated, and ready customers. To capitalize on search as a marketing tool, marketers should shift acquisition email and ad dollars to search ..."

However, there are some drawbacks of SEM, such as :

- SEM is highly competitive (many marketers often compete for the same keyword).
- Marketers have only a few simple line of text to attract prospects.
- Marketers have little control over timing and volume.
- Demographic targeting is virtually nonexistent - anyone can click on a company's listing, and a company must pay for it.

5. Partnering : Honda and Martin (2002) indicate in their research that partnering as a marketing strategy for Internet business works well when synergies are created, especially when it occurs between offline and online companies. Similar to the permission marketing, partnering heavily depends on the trust, but this time, the trust must exist between the partners that are involved in this type of co-marketing.

One of the most widespread examples of partnering on the Internet is when companies provide links to each other's websites and advertise each other's products or services.

6. Banner Advertising : Banner ads are graphical presentations placed on web pages with the purpose of attracting visitors to click on the ad and visit the advertised website. There are many standard banner ads, each with a different shape and/or size, such as :

Banners and Buttons : Rectangular or square shaped ads that usually appear at the top or the bottom area of the webpage. Rectangles and Pop-ups - large rectangular ad that usually appears on the middle area of the webpage, or in a new window as pop-ups.

Skyscrapers : Tall vertical ads that usually appear on the right-hand or left hand area of the webpage.

Floating : A new, multimedia ad that floats above the webpage, and must be closed before you can see the rest of the webpage.

7. Domain Name : From an online marketing perspective, the website domain name is one of the most important parts of the website. The internet domain name, or URL, is the unique web address that companies can purchase through a domain name registration company such as Network Solutions (www.networksolutions.com), an online organization in charge of domain name registration.

Q. Which one of the following stages of the marketing research process is most expensive ?

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- | | |
|----------------------------------|---------------------|
| (A) Data analysis | (B) Data collection |
| (C) Developing the research plan | (D) Report writing |

Ans. (B)

Q. A concept in retailing that helps explain the emergence of new retailers is called the _____ hypothesis.

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- | | |
|------------------------|--------------------------|
| (A) Product life cycle | (B) Service assortment |
| (C) Retail life cycle | (D) 'Wheel-of-retailing' |

Ans. (D)

- Q.** Which of the following statements is not true ? **(Dec. 2015) P-III**
- (1) Marketing profitability analysis measures the profitability of different marketing activities.
 - (2) Marketing efficiency studies try to determine how various marketing activities could be carried out more efficiently.
 - (3) Each company needs to reassess periodically its marketing effectiveness through a control instrument called marketing audit.
 - (4) All the above are true
- Ans.** (4)

11.8.3 Green Marketing

What is Green Marketing ?

Environmental issues have gained importance in business as well as in public life through out the world. It is not like that a few leaders of different countries or few big renowned business houses are concerned about the day to day deterioration of oxygen level in our atmosphere but every common citizen of our country and the world is concerned about this common threat of global warming.

So in this scenario of global concern, corporate houses has taken green-marketing as a part of their strategy to promote products by employing environmental claims either about their attributes or about the systems, policies and processes of the firms that manufacture or sell them. Clearly green marketing is part and parcel of over all corporate strategy; along with manipulating the traditional marketing mix (product, price, promotion and place), it require an understanding of public policy process. So we can say green marketing covers a broad range of activities.

- Green Marketing is the marketing of products that are presumed to be environmentally safe.

A Simple Definition

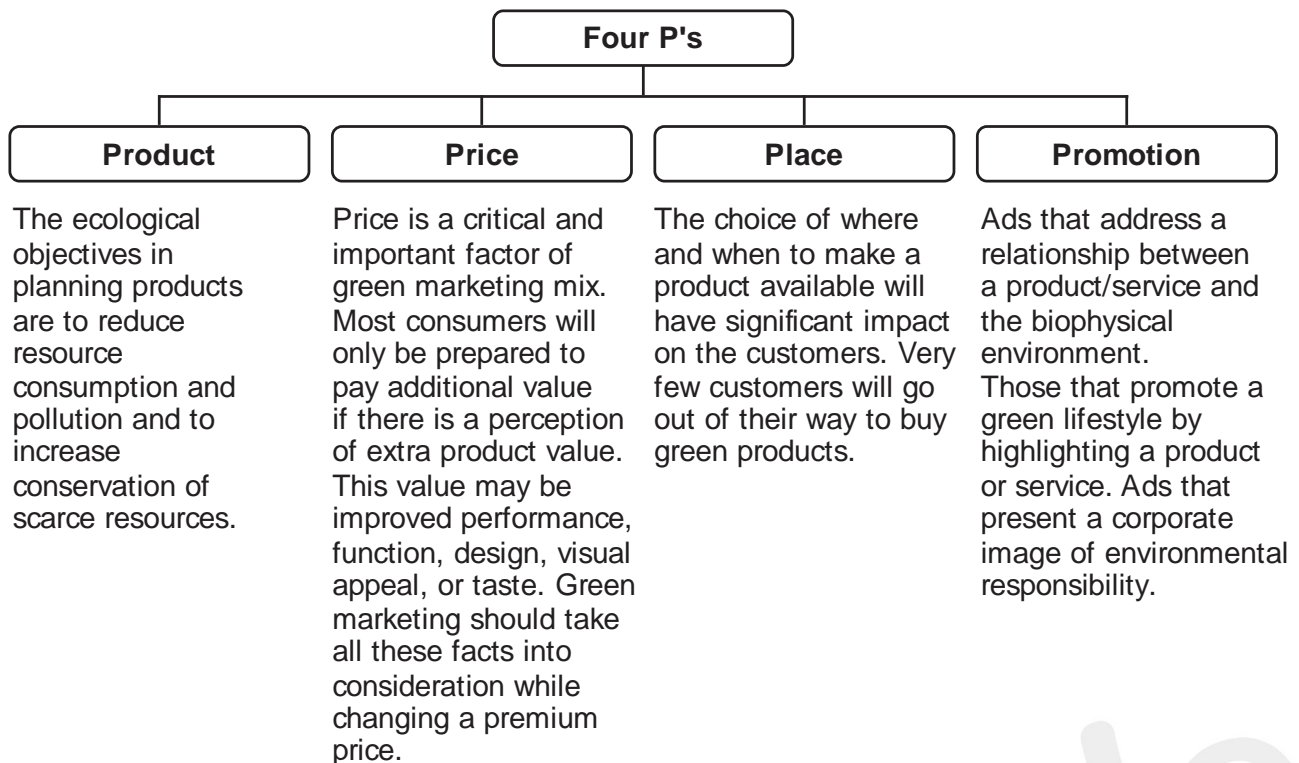
- In simple terms it refers to the process of selling products and/or services based on their environmental benefits.
- Such a product may be environmentally friendly in itself or produced and/or packaged in this way.

Why Green Marketing ?

- The growing awareness all over the world regarding protection of the environment. Consumers are becoming more concerned about environmental friendly product.
- Manufacturers have recognized environmental concerns as a source of competitive advantage and have developed products with a green image.

Benefits of Green Marketing

- Companies that develop new and improved products and services with environment inputs in mind give themselves access to new market, increase their profit sustainability and enjoy a competitive advantage over the companies which are not concerned for the environment.



Golden Rules of Green Marketing

- Know You're Customer** : Make sure that the consumer is aware of and concerned about the issues that your product attempts to address, (Whirlpool learned the hard way that consumers wouldn't pay a premium for a CFC-free refrigeration because consumers didn't know what CFCs were.).
- Educating Your Customer** : Isn't just a matter of letting people know you're doing whatever you're doing to protect the environment, but also a matter of letting them know why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what ?" and your green marketing campaign goes nowhere.
- Being Genuine and Transparent** : Means that (a) You are actually doing what you claim to be doing in your green marketing campaign and (b) The rest of the business policies are consistent with whatever you are doing that's environmentally friendly. Both these conditions have to be met for you business to establish the kind of environmental credential that will allow a green marketing campaign to succeed.
- Consider You Pricing** : If you're charging a premium for your product and many environmentally preferable products cost more due to economies of scale and use of higher-quality ingredients make sure those consumers can afford the premium and feel it's worth it.
- Giving Your Customers an Opportunity to Participate** : Means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action.

11.8.4 Direct Marketing

Defining Direct Marketing and The Importance of Direct Marketing

- Direct marketing is a system of marketing by which organisation directly communicate with the target customer/s to generate a response or transaction. This response may take the form of an inquiry, a purchase or even a vote.

- “Direct Marketing is the total of activities by which the seller in effective the exchange of goods and/or services with the buyer, direct efforts to target audience using one or more media (direct selling, direct mail, telemarketing, direct action advertising, catalogue selling, cable TV selling, mobile marketing etc). for the purpose of soliciting a response by phone, mail or personal visit from a prospect or customer” - **Peter Bennet**
- Direct Marketing involves all activities of marketing: Marketing Research, Segmentation, Target Marketing, Evaluation.
- Direct Marketing is an interactive system of marketing which uses one or more media to effect the ‘measurable’ response or transaction at any level.
- D.M. is used for Niche products, Service Products or Programs.
- Traditionally Direct Marketing was performed using catalogues, Direct mail, Telemarketing.
- **Strategies of D.M. :** Uses a number of media and each medium performs specific functions. Generally, the follow :
 - **One-Step Approach :** The medium is used directly to obtain an order. Goal is to generate immediate sale.
 - **Two-Step Approach :** Can involve the use of more than one medium. The first effort to screen or qualify potential buyers. The seconds effort generates the response. Telemarketing + Direct Mail.

Basic Reasons for The Growth of Direct Marketing

- Changing Market Place :
 - Growth of delivery system and media fragmentation.
 - Affordable computing power and growth of databases (databases used for future purpose of marketing).
- Changing Role of Direct Marketing and Business Focus :
 - Building and maintaining customer relationship
 - To maximize sales
 - To maximize customer loyalty
- Changing Cost Structures :
 - It is getting to be more expensive to use mass-media.
 - Advertising is done thro’ line extensions - since advt. is above the line expenditure.
 - Increasing clutter in media.
- Technological Development : (Advances and Innovations)
 - Changes in the market place - B2B selling it has increased or has seen tremendous growth.
 - The change place of market e.g. home, office etc.
 - Alternative distribution channels.
- Changing lifestyles and demographics.
- Evolving economy and international competition.

Why Direct Marketing ?

- The environment has become more complex.
- Bargaining power of the consumer has increased.
- Market has become more competitive.
- Cost of marketing a product has increased. The retail shelf cost at outlets in major cities is costly.
- Advertising budgets are high.

- Less customer loyalty.
- DM helps companies focus on their marketing efforts.
- Consumer lifestyle has changed. Today, customers look out for convenience in shopping. Tele-shopping, home shopping, catalog marketing and online marketing cater to core customer value.
- Globalization has facilitated the growth of direct marketing.
- Niche markets with distinct preferences- DM
- Technology has changed and enhanced the DM activity.

Benefits of Direct Marketing

- Home shopping- hassle free and fun, convenient.
- Saves time.
- Introduces a customer to a large variety of products at a time.
- Comparative shopping is possible by browsing through mail order catalogues and online shopping.
- Can order goods for ourselves and others also.
- Sellers also benefit, they can personalize, customize messages.
- Direct marketers can build a continuous relationship with each customer. E.g. Parents of newborn babies may receive periodic mailings on clothes, toys etc as the child grows. Nestle baby division builds a database continuously of new mother and sends personalized packages of gifts and advice at the key stages in the baby's life.
- Direct marketing strategies can be timed to reach prospects at the right time and moments. Thus, DM receives a higher readership because it is sent to more interested prospects.
- Direct marketing strategies and offer benefit the marketer since it is less visible to the competitors.
- Direct marketing helps in building effective long-term relationships with the customers and this helps in getting customers to stay loyal.
- The measurable response to direct marketing campaigns help to decide the more profitable ones.

Decision Variables in Direct Marketing

For Direct Marketing, the following variables are associated with making program decisions :

1. Offer
2. Creative
3. Media
4. Timing/Sequencing
5. Customer Service

Offer : The 'Offer' is the complete proposition made to a prospective customer by the firm selling the good or service. It includes the product or service, the positioning of the product or service in terms of needs or benefits, the price of the offering, any risk-reduction mechanism such as money-back guarantee, or price refund or discounts available to the buyer.

Creative : The creative component includes the copy platform, graphic design elements, involvement techniques, and productions such as personalization.

Media : The media used by direct marketers include all those used by general marketers as well as direct mail, telephone, and online services. Direct- response print and TV advertising are particularly effective in generating responses to complex offers that contain items that can be displayed visually.

Timing/Sequencing : Timing and Sequencing of direct marketing communications determine whether the product or service is offered once or as a part of a campaign, that is, as one-shot message or as multiple messages. Also at issue is whether a campaign should be on intermittently (pulsing) or continuously, as well as how often should the communication be repeated.

Customer Service : Customer service is a important aspect of DM. It leads to strong customer franchise and loyalty. Satisfaction with service is a prime consideration in customers' repurchase decisions. In fact, many direct marketers consider expenditures on customer service and loyalty as an investment. The types of customer service that build businesses include speedy and accurate order fulfillment; prompt and satisfactory handling of customer inquiries and complaints; and a guaranteed return policy (such as- 'if damaged/defective, email us at or write to us at-----' or 'to provide you a worry free shopping experience, we offer you a No Questions Asked Return Policy, within 7 days.....'). Other important elements of customer service are toll-free telephone numbers, money-back guarantees, and the acceptance of credit cards.

Direct Marketing Advantages

Selective Reach : DM reaches a large number of people, reduces waste coverage, and targets consumers with the highest potential.

Segmentation Capabilities : Direct marketers maintain lists of recent product purchasers, car buyers, property buyers, bank-card holders, credit-card holders, cellular service users and so on. Segmentation is done through these lists on the basis of geographic area, occupation, demographics, psychographics. Marketers develop effective segmentation strategies.

Frequency : Direct marketers build frequency levels through the medium /media used. Direct-response TV advertising is quite inexpensive. The frequency through direct mail is not easily accomplished.

Flexibility : Direct marketing uses a variety of creative forms. A direct mail provides detailed information; direct-response TV advertising combines sound, sight and motion and allows product demonstration and so on.

Timing : DM, unlike other media can be much more timely. For e.g. a direct mail can be put together very quickly and distributed to the target population.

Personalization : Direct marketers can personalize the messages and offers most effectively.

Costs : The CPM for direct mail is high but its ability to specifically target the audience eliminates any waste coverage and hence reduces the actual CPM. Cost per consumer purchase contributes to cost-effectiveness of direct-response advertising. The cost of media is low, and each sale generated is inexpensive.

Measures the Effectiveness : Direct marketing program measures the effectiveness of the activity effectively. The feedback generated is immediate and accurate. This helps in the measurement of the DM activity.

Direct Marketing Disadvantages

Image Factors : Direct marketing suffers from poor image factors. Direct mail is often treated as junk mail. Direct-response ads on TV are often low-budget ads for low-priced products. This contributes to the image that something less than the best products are marketed although home shopping channels do promote some expensive products. Telemarketing and spam are irritating to many consumers thus lowering the image of the direct marketing industry.

Accuracy : One of the advantages of DM is targeting specific, potential customers. But, the effectiveness depends on the accuracy of the lists used which is very often inaccurate. Lists must be continually updated. Selectivity decreases if lists are not kept current. Computerization has improved the currency of lists, yet the ability to generate lists remain a problem.

Content Support : Direct-response advertising requires the creation of mood but it is limited to the surrounding program and/or editorial content. Direct mail, online services also unlikely to create a desirable mood.

Rising Costs : The Rising costs of direct marketing program serves as a disadvantage to the marketer.

Limitations of Direct Marketing

- Acquisition of data of individual customers may be difficult – Direct marketing is effective only when all information about the individual customer is available. It may be difficult to acquire this data, as people would be reluctant to part with personal information.
- The customers could be exposed to information overload – In today's rich business and personal environment everyone is bombarded with all types of data. Daily people receive letters, voice mails, catalogues etc. Welcome and unwelcome information accosts the senses through the radio, television, telephone, books etc. Direct marketers are perceived to be contributing to this overload.
- Requires highly skilled staff to analyze each customer profile - In Direct marketing communications, individual customers should be addressed by name and title. Also information from database is used to produce specific appeal based on consumers personal characters and/or past purchase behavior. It is therefore important that the profile of each individual customer is accurately maintained. This would be possible only if the staff employed is highly competent to carry out this accurately.
- Customer Service rather than customer loyalty is more important in direct marketing

Principles of Direct Marketing

There are eight key principles of direct marketing and they are as follows :

Planning Your Marketing Activity : All direct marketing should form part of a controlled marketing strategy, which has been produced as a result of market and competitor analysis and in relation to achievable objectives.

Targeting Your Customer : Customer information should be stored and capable of manipulation and retrieval from your customer database, to contact your existing customers. Analysis of this also helps you to identify characteristics of potential future customers.

Measuring Your Marketing Activity : The results of direct marketing should be measured to tell you what works and what doesn't.

Tracking : This involves monitoring customers' responses over time, ideally for as long as your relationship with them lasts. This enables you to measure their value and understand how much of it is a result of how you marketed to them.

Customer Behavior : Tracking the spending patterns and general behavior of your customer can help you establish which products are popular and which aren't. This can help you determine future products and strategy.

Future Strategies : One aim of marketing is to maximize the value of your customers. So the previous steps will ensure you have the information to plan effective and efficient marketing to achieve this aim.

11.8.5 Rural Marketing

Definition : The Rural Marketing refers to the activities undertaken by the marketers to encourage the people, living in rural areas to convert their purchasing power into an effective demand for the goods and services and making these available in the rural areas, with the intention to improve their standard of living and achieving the company's objective, as a whole.

The Rural Marketing is a two-way process, i.e.,

- **Urban to Rural :** FMCG Goods, Agricultural fertilizers, automobiles, etc. are offered by the urban market to the rural market.
- **Rural to Urban :** The agricultural supplies viz. Fruits, vegetables, flowers, milk, etc. is offered from the rural market to the urban market.



The marketers are following the strategy to "**Go Rural**" because of the following attractions in the rural market :

1. **Large Population** : Still, the majority of the population in India resides in Villages and therefore, the marketers find more potential in the rural areas and direct their efforts to penetrate the rural market.
2. **Increased Income** : The income and the purchasing power of the rural people have increased. With the use of modern agricultural equipment and technology, the farmers can produce more and can get better returns for their agricultural produce. The increased income motivates a farmer to improve his livelihood by purchasing a good quality product and thus, the marketer gets an opportunity to enter into the rural market.
3. **Competition in Urban Market** : There is a lot of competition in the Urban market, where people are well aware of the goods and services and have created a brand loyalty. Therefore, the marketers move to the rural market to escape the intense completion and generate revenues from the untapped areas.
4. **Improved Infrastructure Facilities** : Today, many villages are well connected with the roads and transportation facilities that enables the marketer to access the rural market and promote his goods and services. With the growth in telecom services, the rural people can be reached easily via mobile phones.
5. **Saturated Urban Market** : Also, the marketers may move to the rural markets, when the urban market has reached the saturation point, the i.e. market is well stuffed with the products, and the consumers are not likely to make a frequent purchase due to the varied options available in the market.
6. **Support of Financial Institutions** : Several Co-operative banks and public sector banks offer the loan facility to the rural people at low-interest rates. With the loan, the purchasing power of an individual increases, thus resulting in a better standard of living.
7. **New Employment Opportunities** : The Government is running several employment opportunity programmes, with the intention to engage people in other activities apart from the agriculture occupation. The Integrated Rural Development Programme (IRDP), Jawahar Rozgar Yojana (JRY), Training Rural Youth for self-Employment are the certain programmes, designed to increase the livelihood of rural people.

Importance of Rural Marketing

Rural marketing implies applying marketing theory and directing marketing efforts to create and satisfy needs and wants of rural market (customers). Importance of marketing indicates the contribution of rural as well urban marketing. Rural market is growing faster than urban, rural marketing results into overall balanced economical and social development. Rural marketing turns beneficial to business units, people residing in rural areas, people residing in urban areas, and to the entire nation. Let's see how growth and development of rural marketing contribute to overall prosperity and welfare.

1. Reduced Burden on Urban Population : Rural marketing can contribute to rural infrastructure and prosperity. People can also live comfortably in villages due to availability of all goods and services in villages, even comparatively at low price. People, due to growth of marketing activities, can earn their livelihood in rural places. Population pressure on urban can be reduced.

2. Rapid Economic Growth : Naturally, marketing acts as catalyst agent for economic growth. There exists more attractive business opportunities in rural than urban. Rural market is more potential for consumer durables and services. Rural population largely depends on agriculture and it can contribute nearly 50% to total national income. Agriculture enjoys significant portion in export business, too. Rural marketing improves agricultural sector and improved agricultural sector can boost whole economy of the country.

3. Employment Generation : At present, nearly 70% of total Indian population feeds on agricultural activities in rural areas. Rural marketing can generate more attractive employment opportunities to rural and urban people. Growth of rural marketing leads to increased business operations, professional activities, and services that can generate a lot of employment opportunities.

4. Improved Living Standard : Due to rural marketing system, rural buyers can easily access needed standard goods and services at fair prices. In the same way, rural marketing improves rural infrastructure. Additionally, rural marketing can also improve their income. These all aspects can directly improve living standard.

5. Development of Agro-based Industries : Rural marketing leads to set up agro-based processing industries. Fruits, vegetables, cereals, pulses, etc., are used as raw-materials. Such industries can improve farmers' profit margin and employment opportunities.

6. Optimum Utilization of Rural Untapped Resources : There are unlimited businesses opportunities exist in rural areas. Untapped and underutilized resources can be utilized at optimum level and that can further accelerate overall economic growth.

7. Easy Marketability of Agricultural Produces : Growth of rural marketing improves whole marketing system. Multiple options are available to farmers and local producers to market their products. Big domestic corporate houses and multinational companies prefer to buy agricultural products directly from villages by their own or through agents and small firms. Rural producers can sell their produces easily at satisfactory prices. Their improved income level can improve their purchasing power that can further fuel to industrial demand.

8. Improved Rural Infrastructures : Rural marketing and basic infrastructures go hand to hand. Growth of rural marketing leads to improved transportation, insurance, banking, communication, entertainment, and other facilities. Due to availability of basic infrastructural facilities, business units can easily reach the target rural buyers.

9. Price Stability : Marketing results into better transportation, warehouses, and communication facilities. Agricultural products can be systematically marketed throughout the year. Huge gap between demand and supply can be avoided and, as a result, prices of most of commodities remain more or less stable.

10. Quality of Life and Reduced Crime : Marketing can refine entire living style and system. Better quality products at reasonable price, improved income level, availability of facilities, etc., have direct positive impacts on quality of life. Quality of life improves and level crime reduces.

11. Balanced Industrial Growth : The gap between rural and urban development can be reduced gradually. Rural development improves rural life and reduces pressure on urban life.

12. Others : Apart from these points, there are a number of ways that rural marketing can significantly contribute to economic and social development.

Rural Market Research

The systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing by the company in rural market.

"The systematic planning, gathering, recording and analyzing data about problems related to marketing of goods and services."

Rural Market Research Process

Marketing research involves a sequence of steps :

- Step-I Defining a research problem
- Step-II Finalizing a research design
- Step-III Developing a research hypothesis
- Step-IV Planning the research methodology
- Step-V Data collection
- Step-V Data analysis
- Step-VI Conclusion and Recommendations

Classification of Rural Consumers

The Rural consumers are classified into the following groups based on their economic status :

- **The Affluent Group** : They are cash rich farmers and a very few in They have affordability but not form a demand base large enough for marketing firms to depend on. Wheat farmers in Punjab and rice merchants of Andhra Pradesh fall in this group.
- **The Middle Class** : This is one of the largest segments for manufactured goods is fast expanding. Farmers cultivating sugar cane in UP and Karnataka fall in this category.
- **The Poor** : This constitutes a huge segment. Purchasing power is less, but strength is more. They receive grants from government reap the benefits of many such schemes and may move towards the middle class. fanners of Bihar and Orissa fall under this category.

11.8.6 CRM (Customer Relationship Management)

Introduction

CRM is the development and maintenance of mutually beneficial long-term relationships with strategically significant customers.

CRM is concerned with the creation, development and enhancement of individualised customer relationship with carefully targeted customers and customer groups resulting in maximizing their total customer life-time value.

A Successful CRM

A successful CRM implementation with :

- Properly trained Front Office staff.
- Proper data and good use of it.
- Proper workflow processes.
- Proper integration of Front Office and Back Office.
- Proper software to support the strategy.
- Full support of top management.

Components of CRM

1. Information : Information is raw material of CRM. These type of information are useful to CRM.

- Identification Data
- Marketing Data
- List Data
- Overlay Data

2. Process : Customer centered processes are the “product” of CRM. Some examples are :

- All current process that directly touch the customer.
- Touch points by which we interact with customer such as phone, e-mail etc.
- Integrating and rationalizing the processes from customer’s point of view.

3. Technology : Technology is machinery that enables the CRM to work. These are examples of technologies that CRM may find useful;

- Software product (process automation tools, analysis tools, web site development, and management tools.)
- Networking and integrating application and database. Security features, such as encryption tools and firewalls.

4. People : People are power supply of CRM. The energy source must be set to the right voltage for entire system to work. People are reset through various change management tools and support mechanisms, such as :

- Training and Education.
- New Tools.
- Measurement and Rewards.

Customer Life Cycle

The customer life cycle is total time that a customer is engaged with your company from the customer’s experience and viewpoint.

There is high level of cycle that is consistent for customers, no matter the product or services and no matter how much the customer spend on each stage :

1. Consider : Customer becomes aware of need and investigates alternative solution.

2. Purchase : Customer evaluates and chooses the best alternative and place an order.

3. Set Up : Customer install the product and learn how to use it.

4. Use : Customer operates and maintain the product and finally makes the decision to retire it or upgrade, which starts the cycle all over again.

Need of CRM

Why CRM ?

Keeping in mind the pace at which technology is changing today, any company which is a step ahead of others because of some web product or service will not be able to hold on to that advantage for long. The key to stability in today’s dynamic marketplace is forging long-term relationships with the customers.

Customers can be Divided into Three Zones

1. Zone of defection where customers are extremely hostile and have the lowest level of satisfaction.
2. Zone of indifference where customers are not sure. They have a medium level of satisfaction and loyalty towards the company.
3. The third level of customers are in the zone of affection described as “Apostles”. CRM focuses on bringing customers from level 1 to level 3 and retaining apostle customers.

Importance of CRM

CRM Customer Relationship Management is one of the newest innovations in customer service today. CRM stands for customer relationship management and helps the management and customer service staffs cope with customer Concerns and issues. CRM involves gathering a lot of data about the customer. The data is then used to Facilitate customer service transactions by making the information needed to resolve the issue or concern readily available to those dealing with the customers. This results in more satisfied customers, a more profitable business and more resources available to the support staff. Further more, CRM Customer Relationship Management systems are a great help to the management in deciding on the future course of the company.

As mentioned, there is much data needed for the CRM system to work. These fields include the customer name, address, date of transactions, pending and finished transactions, issues and complaints, status of order, shipping and fulfillment dates, account information, demographic data and many more. This information is important in providing the customer the answer that he or she needs to resolve the issue without having to wait for a long time and without going to several departments.

With just a few mouse clicks, a customer support representative for example can track the location of the customer's package or order. This is infinitely better than the cumbersome process of tracking shipments previously. Furthermore, the customer service representative will also be able to see the previous concerns of the customer. This is a great help especially if the customer is calling about the same issue since he or she will not have to repeat the story all over again. This results in less time in resolving the issue, thus, higher productivity of the support staff.

CRM Customer Relationship Management systems are also important to the management because it provides crucial data like customer satisfaction and efficiency of service by the frontline crews. A piece of customer relationship software will also be able to generate the needed reports for product development or new concepts. Furthermore, this system will also be a great help for the top management in deciding the company's future course of action, whether it involves phasing out one of the products on the shelves or making adjustments to one of the products sold.

Logistics Management

- Word, 'Logistics' is derived from French word 'loger', which means art of war pertaining to movement and supply of armies.
- "Logistics means the art of managing the flow of raw materials and finished goods from the source to the user"
- To get goods from where they arise to the right place in the right form, at the right time, at the cost, "Logistics or physical distribution or distribution logistics is an integral part of Marketing Process."

Definitions

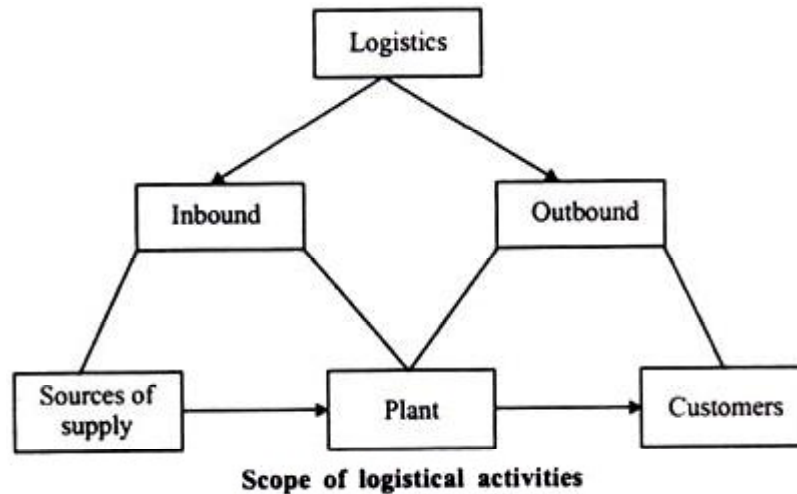
- Application of management principles to logistics operation for efficient and cost effective movement of goods and personnel.
- Management of the activity of transporting goods to customers or to places where they are bought or sold.
- Logistics of an company includes movement of raw materials, coordinating flow into and out of different countries, choices of transportation and cost of the transportation, packaging the product for shipment, storing the product and managing the entire process.

Classification of Logistical Activities

Logistics (or Logistical Activities) may be Broadly Classified into Two Categories :

(i) Inbound logistics; which is concerned with the smooth and cost effective inflow of materials and other inputs (that are needed in the manufacturing process) from suppliers to the plant. For proper management of inbound logistics, the management has to maintain a continuous interface with suppliers (vendors).

(ii) Outbound logistics (also called physical distribution management or supply chain management); is concerned with the flow of finished goods and other related information from the firm to the customer. For proper management of outbound logistics, the management has to maintain a continuous interface with transport operators and channels of distribution.



Significance (or Objectives) of Logistics Management

Logistics management is significant for the following reasons :

(i) Cost Reduction and Profit Maximization : Logistics management results in cost reduction and profit maximization, primarily due to :

1. Improved material handling
2. Safe, speedy and economical transportation
3. Optimum number and convenient location of warehouses etc.

(ii) Efficient Flow of Manufacturing Operations : Inbound logistics helps in the efficient flow of manufacturing operations, due to on-time delivery of materials, proper utilisation of materials and semi-finished goods in the production process and so on.

(iii) Competitive Edge : Logistics provide, maintain and sharpen the competitive edge of an enterprise by :

1. Increasing sales through providing better customer service
2. Arranging for rapid and reliable delivery
3. Avoiding errors in order processing; and so on.

(iv) Effective Communication System : An efficient information system is a must for sound logistics management. As such, logistics management helps in developing effective communication system for continuous interface with suppliers and rapid response to customer enquiries.

(v) Sound Inventory Management : Sound inventory management is a by-product of logistics management. A major headache of production management, financial management etc. is how to ensure sound inventory management; which headache is cured by logistics management.

Key Activities Involved in Logistics Management

Following is a brief account of key activities involved in logistics management :

(i) Network Design : Network design is one of the prime responsibilities of logistics management. This network is required to determine the number and location of manufacturing plants, warehouses, material handling equipment's etc. on which logistical efficiency depends.

(ii) Order Processing : Customers' orders are very important in logistics management. Order processing includes activities for receiving, handling, filing, recording of orders. Herein, management has to ensure that order processing is accurate, reliable and fast.

Further, management has to minimize the time between receipt of orders and date of dispatch of the consignment to ensure speedy processing of the order. Delays in execution of orders can become serious grounds for customer dissatisfaction; which must be avoided at all costs.

(iii) Procurement : It is related to obtaining materials from outside suppliers. It includes supply sourcing, negotiation, order placement, inbound transportation, receiving and inspection, storage and handling etc. Its main objective is to support manufacturing, by providing timely supplies of qualitative materials, at the lowest possible cost.

(iv) Material Handling : It involves the activities of handling raw-materials, parts, semi-finished and finished goods into and out of plant, warehouses and transportation terminals. Management has to ensure that the raw-materials, parts, semi-finished and finished goods are handled properly to minimize losses due to breakage, spoilage etc. Further, the management has to minimize the handling costs and the time involved in material handling.

Material handling systems, in logistics management are divided into three categories :

1. Mechanized systems
2. Semi-automated systems
3. Automated systems

(v) Inventory Management : The basic objective of inventory management is to minimize the amount of working capital blocked in inventories; and at the same time to provide a continuous flow of materials to match production requirements; and to provide timely supplies of goods to meet customers' demands.

Management has to maintain inventories of :

1. Raw-materials and parts
2. Semi-finished goods
3. Finished goods

Management has to balance the benefits of holding inventories against costs associated with holding inventories like - storage space costs, insurance costs, risk of damage and spoilage in keeping stocks etc.

(vi) Packaging and Labeling : Packaging and labeling are an important aspect of logistics management. Packaging implies enclosing or encasing a product into suitable packets or containers, for easy and convenient handling of the product by both, the seller and specially the buyer.

Packaging facilitates the sale of a product. It acts as a silent salesman. For example, a fancy and decorative packaging of sweets, biscuits etc. on the eve of Diwali, makes for a good sale of such items.

Labeling means putting identification marks on the package of the product. A label provides information about - date of packing and expiry, weight or size of product, ingredients used in the manufacture of the product, instructions for sale handling of the product, price payable by the buyer etc.

Labeling is a strong sales promotion tool. The consumer who is persuaded to read the label may, in fact, try to buy the product; even though he/she had no such premeditation (advance idea).

(vii) Warehousing : Storage or warehousing is that logistical activity which creates time utility by storing goods from the time of production till the time these are needed by ultimate consumers.

Here, the management has to decide about :

1. The number and type of warehouses needed and
2. The location of warehouses.

The above two decisions depend on the desired level of customer service and the distance between the supply source and final destination i.e. markets.

(viii) Transportation : Transportation is that logistical activity which creates place utility.

Transportation is needed for :

1. Movement of raw-materials from suppliers to the manufacturing unit.
2. Movement of work-in-progress within the plant.
3. Movement of finished goods from plant to the final consumers.

Major transportation systems include :

1. Railways
2. Roadways
3. Airways
4. Waterways
5. Pipelines.

The choice of a particular mode of transportation is dependent on a balancing of following considerations :

1. Speed of transportation system
2. Cost involved in transportation
3. Safety in transportation
4. Reliability of transportation time schedules
5. Number of locations served etc.

